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AMEMBASSY LUXEMBOURG IMMEDIATE

INFO USMISSION GENEVA

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GENEVA FOR US DEL UNCTAD/TDB MR. PREEG

E.O. 11652:

TAGS: CIEC, ECON, EFIN

SUBJECT: US APPROACH TO OCTOBER FINANCIAL AFFAIRS
COMMISSION (FAC)

1. ACTION POSTS REQUESTED TO PASS INFORMATION BELOW ON US APPROACH TO OCTOBER FAC TO OFFICIALS IN HOST COUNTRY GOVERNMENTS THAT PARTICIPATE IN FAC. US MISSION EC, PLEASE PASS TO RELEVANT COMMISSION OFFICIALS AND TO VAN YPERSELE. US MISSION OECD, PLEASE PASS TO SECRETARIAT (FAY) AND TO DUTCH MISSION FOR SPIERENBERG.

2. A MAJOR AGENDA ITEM FOR THE OCTOBER CIEC IS DIRECT INVESTMENT IN DEVELOPING COUNTRIES. THE UNITED STATES INTENDS TO TABLE A RELATIVELY STRONG AND COMPREHENSIVE INVESTMENT PROPOSAL IN THE FAC, A DRAFT OF WHICH IS GIVEN IN PARAGRAPHS 10 TO 20 (PLEASE PASS). WHILE WE ARE NOT OVERLY OPTIMISTIC OF SUBSTANTIAL CIEC PROGRESS IN THIS AREA AND DO NOT INTEND TO OFFER NEW CONCESSIONS TO OBTAIN SUCH PROGRESS, WE DO BELIEVE THE INDUSTRIALIZED COUNTRY VIEWPOINT ON DIRECT INVESTMENT IS SOUND AND SHOULD BE FORCEFULLY PRESENTED.

3. WITH RESPECT TO LDC ACCESS TO CAPITAL MARKETS, THERE IS BROAD AGREEMENT WITHIN CIEC ON MOST ASPECTS BUT WE DO NOT SEE HOW CIEC CAN BREAK ANY NEW GROUND NOT PREVIOUSLY COVERED BY BANK/FUND DEVELOPMENT COMMITTEE. THE DRAFT

US PROPOSAL ON THIS ITEM, GIVEN IN PARAGRAPHS 21 TO 26 BELOW (PLEASE PASS) URGES ALL NATIONS TO SUPPORT THE DEVELOPMENT COMMITTEE RECOMMENDATIONS, URGES THE DEVELOP-

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MENT COMMITTEE TO CONTINUE ITS WORK ON CAPITAL MARKETS, PUT IN A GOOD WORD FOR COFINANCING AND FOR THE INTERNATIONAL INVESTMENT TRUST PROPOSAL, AND ENCOURAGE THE PLANNED WORK OF THE OECD COMMITTEE ON FINANCIAL MARKETS ON IMPEDIMENTS TO INTERNATIONAL CAPITAL FLOWS.

4. ON THE SUBJECT FINANCIAL COOPERATION AMONG DEVELOPING COUNTRIES, THE US DOES NOT PLAN TO SUBMIT A PROPOSAL. WE BELIEVE IT WOULD BE MORE APPROPRIATE TO RESPOND TO PROPOSALS OF THE G-19. WE FORESEE A FINAL CIEC RESOLUTION

THIS SUBJECT QUITE CLOSE TO THE NAIROBI UNCTAD RESOLUTION.

5. WITH RESPECT TO THE INFLATION SUBJECT WE ANTICIPATE A MOVE BY THE G-19 TO TABLE A NUMBER OF MONETARY PROPOSALS. OUR POSITION ON CONSIDERING MONETARY ISSUES IN THE CIEC REMAINS UNCHANGED AND WE WOULD HOPE ALL G-8 MEMBERS WILL SUPPORT US IN AVOIDING ENTERING A SUBSTANTIVE DEBATE ON MONETARY ISSUES AT THE CIEC.

6. IMMEDIATELY BEFORE OR DURING THE OCTOBER FAC US DEL PLANS TO APPROACH SAUDI DEL INFORMALLY TO GET BETTER UNDERSTANDING OF REAL SAUDI OBJECTIVES WITH RESPECT TO OPEC ASSET QUESTION. US INTENDS TO HOLD FIRMLY TO ITS PROPOSALS SUBMITTED IN SEPTEMBER AND IN PARTICULAR WILL REMAIN STRONGLY AGAINST ANY PROPOSALS TO OFFER BETTER THAN MARKET TERMS ON OPEC INVESTMENTS.

7. ON THE SUBJECT OF OFFICIAL DEVELOPMENT ASSISTANCE WE WOULD HOPE TO CONFINE MOST OF THE SUBSTANTIVE DISCUSSION TO THE DEVELOPMENT COMMISSION.

8. US VIEWS ON HANDLING DEBT ISSUE IN OCTOBER TRANSMITTED REFTEL (STATE 251805).

9. IN GENERAL WE EXPECT THE OCTOBER FAC WILL BE LARGELY DEVOTED TO BOTH SIDES PUTTING THEIR REMAINING PROPOSALS ON THE TABLE AND GIVING A FIRST ROUND OF REACTIONS. THE REAL PROCESS OF NEGOTIATING A FINAL PACKAGE FOR THE MINISTERS IS LIKELY TO GET UNDERWAY IN NOVEMBER. THE DRAFT US PAPERS ON DIRECT INVESTMENT AND ACCESS TO CAPITAL MARKETS FOLLOW.
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10. US PROPOSALS FOR FAC CONCLUSIONS ON DIRECT INVESTMENT IN THE DEVELOPING COUNTRIES: THE COMMISSION AGREED THAT FORESEEABLE GLOBAL REQUIREMENTS FOR INVESTMENT OF ALL KINDS WILL BE MASSIVE AND THAT DEVELOPING COUNTRIES

IN PARTICULAR WILL REQUIRE INCREASED CAPITAL FLOWS. THE IMPORTANT CONTRIBUTION THAT INVESTMENT MAKES TO DEVELOPING NATIONS LIES FIRST AND FOREMOST IN THE EXPANSION OF A NATION'S CAPACITY TO PRODUCE THE GOODS NEEDED BY ITS PEOPLE AND THE EXPORTS NECESSARY TO EARN FOREIGN EXCHANGE. WHILE DOMESTIC SAVINGS ARE A CRUCIAL SOURCE OF CAPITAL, WITH VERY FEW EXCEPTIONS, MOST DEVELOPING NATIONS SUPPLEMENT DOMESTIC SOURCES OF CAPITAL WITH A SUBSTANTIAL FLOW OF CAPITAL FROM FOREIGN SOURCES. IN THE FUTURE, AS IN THE PAST, DIRECT PRIVATE FOREIGN INVESTMENT CAN PLAY AN IMPORTANT ROLE IN FULFILLING THE

CAPITAL REQUIREMENTS OF DEVELOPING NATIONS.

11. THE COMMISSION NOTED THAT NATIONS THAT HAVE FOSTERED AND PRESERVED A STABLE CLIMATE FOR FOREIGN DIRECT INVESTMENT AND FULLY UTILIZED THE FINANCIAL AND TECHNOLOGICAL RESOURCES THAT ACCOMPANY SUCH INVESTMENTS HAVE REALIZED NOTEWORTHY ECONOMIC BENEFITS FROM SUCH POLICIES. ALONG WITH ITS DIRECT EXPANSION OF A NATION'S PRODUCTIVE CAPACITY, FOREIGN DIRECT INVESTMENT OFTEN BRINGS WITH IT TECHNOLOGY TRANSFERS, MANAGERIAL AND ADMINISTRATIVE ASSISTANCE, AND MANPOWER TRAINING FOR THE POPULATION OF THE HOST COUNTRY. IN MANY CASES IT HAS HELPED ESTABLISH EXPORT MARKETS FOR THE HOST COUNTRY'S PRODUCTS.

12. THE COMMISSION AGREED THAT THERE IS NO INHERENT CONFLICT BETWEEN A HOST NATIONS ASPIRATION TO OBTAIN THESE BENEFITS FROM PRIVATE FOREIGN INVESTMENTS AND THE GOAL OF THE PRIVATE INVESTORS TO EARN A RETURN COMPETITIVE WITH ALTERNATIVE USES OF THEIR CAPITAL AND TO OPERATE IN A STABLE INVESTMENT CLIMATE.

13. THE COMMISSION CONSIDERED APPROACHES TO ASSURING AN ADEQUATE FLOW OF PRIVATE DIRECT INVESTMENTS TO DEVELOPING COUNTRIES. IT WAS RECOGNIZED THAT CAPITAL IS A SCARCE LIMITED OFFICIAL USE

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RESOURCE FOR WHICH THERE ARE MANY COMPETING DEMANDS IN THE WORLD ECONOMY, AND THAT ANY COUNTRY WISHING TO ENJOY THE BENEFITS OF FOREIGN INVESTMENT SHOULD AVOID ACTIONS WHICH NEEDLESSLY DETER SUCH INVESTMENTS. THE COMMISSION CONCLUDED THAT PROBABLY THE MOST IMPORTANT FACTOR IN A DEVELOPING COUNTRY'S APPROACH TO ATTRACTING FOREIGN DIRECT INVESTMENTS WOULD BE FOR THE GOVERNMENT OF THAT COUNTRY TO ASSURE A CLIMATE FOR FOREIGN INVESTMENTS THAT IS STABLE WITH REASONABLE CERTAINTY OF CONDITIONS UNDER WHICH PROJECTS WILL OPERATE, AND AFFORDS OPPORTUNITIES FOR EARNING A FAIR RETURN. PROVISION OF THESE CONDITIONS CAN BE PERFECTLY CONSISTENT WITH HOST COUNTRY POLICIES. DEVELOPING COUNTRY GOVERNMENTS THAT SEEK TO ATTRACT PRIVATE CAPITAL SHOULD INDICATE THEIR WILLINGNESS TO

TREAT INVESTORS FAIRLY AND IMPARTIALLY AND WITH SUFFICIENT FLEXIBILITY TO PERMIT NORMAL BUSINESS OPERATIONS.

14. THE COMMISSION AGREED THAT THE EXPROPRIATION POLICY OF A HOST COUNTRY IS IMPORTANT IN AN INVESTOR'S PERCEPTION OF THE OVERALL INVESTMENT CLIMATE. EVERY NATION HAS A SOVEREIGN RIGHT, IN THE ABSENCE OF SPECIFIC GOVERNMENTAL UNDERTAKINGS TO THE CONTRARY, TO NATIONALIZE FOREIGN PROPERTY. HOWEVER, UNDER INTERNATIONAL LAW, INVESTORS

ALSO HAVE A RIGHT TO EXPECT THAT THE TAKING OF PRIVATE PROPERTY WILL BE NONDISCRIMINATORY, FOR PUBLIC PURPOSE, AND WILL BE ACCOMPANIED BY PROMPT, ADEQUATE, AND EFFECTIVE COMPENSATION. IT WAS ALSO NOTED THAT THERE ARE MANY ACTIONS SHORT OF THE TRADITIONAL FORM OF NATIONALIZATION WHICH HAVE SIMILAR EFFECTS AND WHICH MAY LEAD TO CLAIMS FOR APPROPRIATE COMPENSATION BY INVESTORS. THESE INCLUDE EXCESSIVE INTERFERENCE IN MANAGEMENT, COERCED SALE OF ASSETS, CONFISCATORY TAXATION, AND FORCED RENEGOTIATION OF CONTRACTS.

15. THE COMMISSION AGREED THAT REASONABLE ASSURANCES AGAINST NATIONALIZATION AND ASSURANCE OF PROMPT, ADEQUATE AND EFFECTIVE COMPENSATION IN THE EVENT OF NATIONALIZATION WOULD BE AN IMPORTANT POSITIVE ELEMENT IN THE INVESTMENT CLIMATE OF DEVELOPING COUNTRIES. GOVERNMENTS CAN OFFER THESE ASSURANCES UNILATERALLY. BILATERAL LIMITED OFFICIAL USE

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AGREEMENTS WHICH CONTAIN RECIPROCAL ASSURANCES THAT INVESTORS' PROPERTY RIGHTS WILL BE RESPECTED CAN PROVIDE AN EXCELLENT FRAMEWORK FOR THE DEVELOPMENT OF A STABLE AND ATTRACTIVE INVESTMENT CLIMATE. THE COMMISSION RECOMMENDED ALSO THAT THE INTERNATIONAL COMMUNITY GIVE FURTHER CONSIDERATION TO ESTABLISHING A MULTILATERAL CONVENTION ON INVESTMENTS THROUGH WHICH PARTICIPATING DEVELOPED AND DEVELOPING NATIONS COULD PROVIDE ON A RECIPROCAL BASIS ASSURANCES FOR THE FAIR AND EQUITABLE TREATMENT OF EACH OTHERS INVESTMENTS AND THEREBY FACILITATE THE INTERNATIONAL FLOW OF CAPITAL TO WHERE IT CAN BE MOST EFFECTIVELY EMPLOYED.

16. THE COMMISSION NOTED THAT EVEN WITH THE BEST OF INTENTIONS ON ALL SIDES, INVESTMENT DISPUTES CAN ARISE. IN SITUATIONS WHERE BILATERAL EFFORTS ARE NOT SUCCESSFUL IN RESOLVING INVESTOR/HOST COUNTRY DISPUTES, THE COMMISSION RECOMMENDED THAT GOVERNMENTS TAKE ADVANTAGE OF THE OPPORTUNITY AFFORDED BY THE WORLD BANK'S INTERNATIONAL CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES OR OTHER FORUMS FOR INTERNATIONAL ARBITRATION OF THESE DISPUTES. NOTING THAT ONLY ABOUT HALF OF THE WORLD BANK'S MEMBERS ARE MEMBERS OF ICSID SO FAR, THE COMMISSION FURTHER

RECOMMENDED THAT THOSE COUNTRIES WHICH HAVE NOT RATIFIED THE CONVENTION NECESSARY FOR MEMBERSHIP GIVE URGENT CONSIDERATION TO DOING SO. IT WAS AGREED THAT ACCEPTANCE OF AN INTERNATIONAL INVESTMENT DISPUTE SETTLEMENT MECHANISM IS A USEFUL ELEMENT IN PROVIDING ASSURANCES TO INVESTORS.

17. THE COMMISSION NOTED THAT MANY OPPORTUNITIES FOR PRODUCTIVE INVESTMENTS IN DEVELOPING COUNTRIES APPEAR TO HAVE BEEN BYPASSED DUE TO ACTUAL OR PERCEIVED POLITICAL RISKS. THIS HAS RESULTED IN AN INEFFICIENT ALLOCATION OF GLOBAL FINANCIAL RESOURCES AND HAS IMPEDED ECONOMIC DEVELOPMENT. IMPLEMENTATION OF THE COMMISSION'S PREVIOUS RECOMMENDATIONS WOULD GREATLY REDUCE THIS PROBLEM. IN ADDITION, THE COMMISSION RECOMMENDED THAT COUNTRIES RENEW THEIR EFFORTS TO SECURE A MULTILATERAL INVESTMENT INSURANCE SCHEME WHICH WOULD FACILITATE THE FLOW OF PRIVATE INVEST-
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MENT BY INSURING INVESTORS AGAINST CERTAIN RISKS.

18. THE COMMISSION AGREED THAT THERE ARE NUMBER OF WAYS TO MEET THE LEGITIMATE CONCERNS OF GOVERNMENTS REGARDING INVESTOR PRACTICES IN THEIR TERRITORIES. WITH RESPECT TO INTERNATIONAL ACTION, THE COMMISSION NOTED THE USEFUL WORK DONE BY THE UN COMMISSION ON TRANSNATIONAL CORPORATIONS, ALONG WITH THE RELATED INFORMATION AND RESEARCH CENTER, TO IMPROVE PUBLIC UNDERSTANDING OF TNC ISSUES. THE COMMISSION AGREED THAT A PARTICULARLY USEFUL STEP WOULD BE THE ACHIEVEMENT OF INTERNATIONAL AGREEMENT AMONG GOVERNMENTS ON GENERAL PRINCIPLES OF GOOD CONDUCT FOR BOTH TNCs AND GOVERNMENTS IN THEIR RELATIONS WITH ONE ANOTHER. THIS WOULD HELP TO IMPROVE UNDERSTANDING BETWEEN TNCs AND GOVERNMENTS TO RESTORE PUBLIC CONFIDENCE IN THE BENEFITS OF A LIBERAL INTERNATIONAL INVESTMENT REGIME. IN ADDITION TO GENERAL CODES OF CONDUCT, IT MAY BE USEFUL TO DEVELOP INTERNATIONAL AGREEMENTS THAT DEAL WITH CERTAIN SPECIFIC MATTERS, SUCH AS RESTRICTIVE OR CORRUPT BUSINESS PRACTICES.

19. THE COMMISSION COMMENDED THE RECENT FOUR-FOLD CAPITAL REPLENISHMENT OF THE INTERNATIONAL FINANCE CORPORATION, NOTING THAT THIS WILL ENABLE THE IFC TO EXPAND THE FULFILLMENT OF ITS MANDATE TO STIMULATE PRIVATE SECTOR DEVELOPMENT IN DEVELOPING NATIONS. THE COMMISSION INDICATED ITS SUPPORT FOR THE IBRD-IMF DEVELOPMENT COMMITTEE STUDY OF THE PROPOSED IFC ASSOCIATED INTERNATIONAL INVESTMENT TRUST.

20. IN ITS EXAMINATION OF THE SUBSTANTIAL REQUIREMENTS OF DEVELOPING NATIONS FOR EXTERNAL CAPITAL, THE COMMISSION NOTED THAT SOME OIL EXPORTING NATIONS ARE ACCUMULATING

SIZEABLE FINANCIAL SURPLUSES AND DESIRE APPROPRIATE INTERNATIONAL INVESTMENT OPPORTUNITIES FOR THESE FUNDS. THE COMMISSION AGREED THAT THESE NATIONS SHOULD INVESTIGATE ALL REASONABLE INVESTMENT OPPORTUNITIES IN DEVELOPING

NATIONS. OTHER NATIONS SHOULD SEEK TO FACILITATE SUCH INVESTMENT FLOWS TO THE CAPITAL DEFICIENT DEVELOPING NATIONS. THE PRIVATE AND GOVERNMENTAL INVESTORS OF THESE LIMITED OFFICIAL USE

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FINANCIAL SURPLUS NATIONS SEEK STABLE, PREDICTABLE INVESTMENT CLIMATES, FAIR TREATMENT, AND ASSURANCES OF THE SECURITY OF THEIR INVESTMENTS. THEREFORE, THE MEASURES RECOMMENDED TO ASSURE THE FLOW OF PRIVATE DIRECT INVESTMENTS FROM INDUSTRIALIZED NATIONS WILL ALSO FACILITATE INVESTMENT FLOWS FROM THE FINANCIAL SURPLUS NATIONS. IN ADDITION, THE COMMISSION RECOMMENDED THAT MEASURES BE DEVELOPED TO PROMOTE THE CONCEPT OF TRIANGULAR INVESTMENTS IN WHICH TECHNOLOGY, EQUIPMENT, AND MANAGEMENT SKILLS FROM INDUSTRIALIZED COUNTRIES ARE COMBINED WITH CAPITAL FROM FINANCIAL SURPLUS COUNTRIES IN ORDER TO CARRY OUT PRODUCTIVE INVESTMENT PROJECTS IN DEVELOPING COUNTRIES. HOST COUNTRY PRIVATE INVESTORS MIGHT ALSO DIRECTLY PARTICIPATE IN SUCH PROJECTS.

21. US PROPOSALS FOR FINANCIAL AFFAIRS COMMISSION CONCLUSIONS ON LDC ACCESS TO CAPITAL MARKETS: THE FINANCIAL AFFAIRS COMMISSION OF THE CONFERENCE ON INTERNATIONAL ECONOMIC COOPERATION NOTED THE RECENT INCREASE IN PRIVATE CAPITAL FLOWS TO DEVELOPING NATIONS AND THE IMPORTANT ROLE WHICH PRIVATE FLOWS CAN PLAY IN THE DEVELOPMENT PROCESS. THE COMMISSION REVIEWED POSSIBLE METHODS OF IMPROVING PRIVATE FLOWS TO DEVELOPING NATIONS AND RECEIVED REPORTS ON THE ACTIVITIES OF THE DEVELOPMENT COMMITTEE WORKING GROUP ON ACCESS TO CAPITAL MARKETS. AMONG ITS ACTIVITIES, THE DEVELOPMENT COMMITTEE WORKING GROUP HAS REVIEWED: REGULATIONS AND OTHER PRACTICES AFFECTING CAPITAL MARKET ACCESS; THE USE OF COFINANCING BY THE INTERNATIONAL AND REGIONAL DEVELOPMENT BANKS; MECHANISMS FOR IMPROVING THE SECONDARY MARKET FOR DEVELOPING COUNTRY SECURITIES; THE USE OF MULTILATERAL GUARANTEES; AND TECHNICAL ASSISTANCE FOR DEVELOPING NATIONS SEEKING ACCESS TO PRIVATE FINANCIAL MARKETS.

22. THE COMMISSION NOTED THE RECENT USE OF COFINANCING BETWEEN PRIVATE SECTOR FINANCIAL INSTITUTIONS AND THE INTERNATIONAL AND REGIONAL DEVELOPMENT BANKS. THE COMMISSION WAS OF THE VIEW THAT COFINANCING CAN PLAY AN IMPORTANT ROLE IN EXPANDING AND MAINTAINING THE LEVEL OF PRIVATE FLOWS TO DEVELOPING COUNTRIES AND ENDORSES EXPANDED USE OF COFINANCING BY THE INTERNATIONAL AND LIMITED OFFICIAL USE

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REGIONAL DEVELOPMENT INSTITUTIONS.

23. THE COMMISSION RECOGNIZED THE IMPORTANT ROLE OF THE DEVELOPMENT COMMITTEE WORKING GROUP ON ACCESS TO CAPITAL MARKETS IN SEEKING TO IMPROVE PRIVATE FLOWS TO DEVELOPING NATIONS AND ENCOURAGES THE DEVELOPMENT COMMITTEE TO CONTINUE ITS STUDY OF THE MOST APPROPRIATE MECHANISMS FOR EXPANDING CAPITAL MARKET ACCESS.

24. THE COMMISSION RECOGNIZED THE POTENTIAL ROLE OF THE PROPOSED INTERNATIONAL INVESTMENT TRUST IN IMPROVING PRIVATE PORTFOLIO FLOWS TO DEVELOPING COUNTRIES. THE COMMISSION ENCOURAGES ALL NATIONS TO EXAMINE THE INVESTMENT TRUST AND URGES THE DEVELOPMENT COMMITTEE WORKING GROUP TO GIVE HIGH PRIORITY TO THE PROPOSAL IN ITS REVIEW OF MECHANISMS FOR FACILITATING PRIVATE FLOWS TO DEVELOPING NATIONS.

25. THE COMMISSION NOTED THE BENEFITS FOR BOTH DEVELOPING AND DEVELOPED NATIONS THAT DERIVE FROM THE FREE FLOW OF CAPITAL AMONG THE NATIONS OF THE WORLD AND WELCOMES THE ADOPTION BY THE OCTOBER 1976 MEETING OF THE DEVELOPMENT COMMITTEE OF RECOMMENDATIONS CONCERNING CAPITAL MARKET LIBERALIZATION WHICH ARE RESPONSIVE TO THE NEEDS OF THE DEVELOPING COUNTRIES. THE DEVELOPMENT COMMITTEE AGREED THAT CAPITAL MARKET COUNTRIES WOULD ENDEAVOR, AS FAR AS THEIR BALANCE OF PAYMENTS SITUATION PERMITTED, TO MOVE PROGRESSIVELY TOWARD GREATER LIBERALIZATION OF CAPITAL MOVEMENTS, IN PARTICULAR CAPITAL OUTFLOWS. IN THE MEANWHILE, WHEN REGULATIONS GOVERNING CAPITAL OUTFLOWS ARE MAINTAINED FOR UNAVOIDABLE REASONS: GOVERNMENTS OF CAPITAL MARKET COUNTRIES WOULD AFFORD FAVORABLE TREATMENT, AS AMONG FOREIGN BORROWERS, TO DEVELOPING COUNTRY BORROWERS WITH REGARD TO PERMISSION TO MAKE AN ISSUE OR PLACE IN THE ISSUE CALENDAR; THOSE CAPITAL MARKET COUNTRIES WHICH CURRENTLY MAINTAIN QUANTITATIVE LIMITS ON THE AMOUNT OF FOREIGN ISSUES IN THEIR MARKETS WOULD ENDEAVOR TO KEEP DEVELOPING COUNTRY BORROWERS OUTSIDE THESE LIMITS, AT LEAST UP TO SPECIFIED AMOUNTS; AND SINCE THE EUROBOND MARKET PRESENTS POTENTIAL OPPORTUNITIES FOR DEVELOPING COUNTRIES TO RAISE FINANCE, COUNTRIES WHOSE LIMITED OFFICIAL USE

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CURRENCIES ARE IN STRONG DEMAND, AND WHICH MAINTAIN RESTRICTIONS ON INTERNATIONAL ISSUES DENOMINATED IN THEIR CURRENCIES, WOULD ENDEAVOR TO GIVE FAVORABLE TREATMENT, AS AMONG FOREIGN BORROWERS, TO DEVELOPING COUNTRY BORROWERS.

26. THE COMMISSION SUPPORTS THE DEVELOPMENT COMMITTEE'S
RECOMMENDATIONS CONCERNING THE LIBERALIZATION OF CAPITAL
MARKET REGULATIONS AND URGES ALL NATIONS TO TAKE
APPROPRIATE STEPS TO IMPLEMENT THE COMMITTEE'S
RECOMMENDATIONS. THE COMMISSION ALSO ENCOURAGES THE

OECD COMMITTEE ON FINANCIAL MARKETS TO WORK TO IDENTIFY
IMPEDIMENTS TO INTERNATIONAL FLOWS OF PORTFOLIO CAPITAL
AND TO DISCUSS HOW PARTICULAR IMPEDIMENTS MAY BE
REDUCED OR ELIMINATED.

27. US MISSION OECD PLEASE ASK SECRETARIAT TO DISTRIBUTE
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